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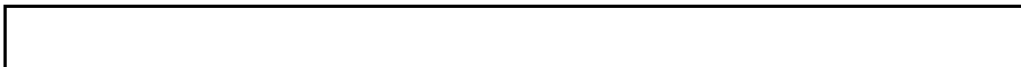
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Greek-NATO Negotiations Likely To Be
Protracted

Negotiations leading to eventual Greek military reintegration into the Alliance will be lengthy. The central issue will be the degree to which Greece will be permitted to qualify its Alliance commitments.

Greece now sees its future relationship to NATO as lying between its original full commitment and the French example of complete withdrawal from the military side of the Alliance. In recent statements to its allies, the Greeks have indicated a desire to end the strategic isolation of Turkey that Greek withdrawal has entailed. They also appear to have softened earlier reservations about committing Greek forces to NATO command.

Athens' statements have nevertheless deliberately obscured the precise terms and conditions of the Greek relationship to NATO, leaving uncertain the degree of continued control the Greeks envisage of their own forces, territory and air space.

Meanwhile, the Greeks have emphasized that in order to advance the NATO negotiations the allies must take responsibility for helping to achieve a satisfactory Cyprus settlement. Prime Minister Caramanlis has often said that Greece will resume full membership in the Alliance once such a settlement is reached because this would neutralize domestic opposition to the Alliance. It remains likely, however, that more than a Cyprus agreement will be necessary to induce Greece to give up its new-found independence, particularly in the presence of a continuing dispute with Turkey over its rights in the Aegean.

Turkey's response to Greece's position on reintegration has been consistent. Ankara maintains that

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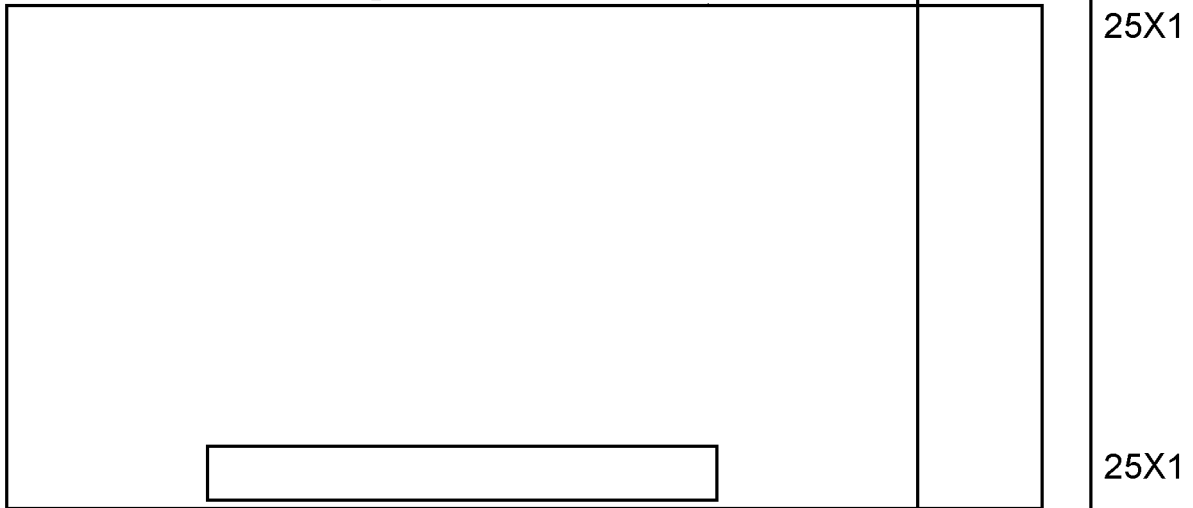
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NATO is a military alliance and that its business does not extend to the resolution of political disputes among its members. Turkey also insists that Greece is in violation of its contractual commitments to the Alliance and that its withdrawal has interfered with decisions important to the defense of Turkey and to the Alliance as a whole.

The position adopted by the Alliance acknowledges the need for progress toward a political accommodation between its Mediterranean allies but also upholds the need to restore the viability of the Alliance's southern flank. The question of the overall nature of Greece's relationship to NATO will be deferred pending negotiation of technical and military questions related to ending Turkey's isolation and restoring a reliable command structure on the southern flank.

The allies hope that resolutions of these points will help defuse Greek-Turkish antagonism and contribute to a resumption of friendly relations.



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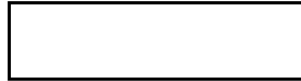
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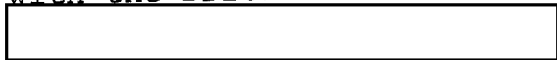
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Jaw, Jaw, Not Cod War, War

West Germany lifted its ban on importing fish from Iceland on October 16 and opened the way for talks on October 28 in Reykjavik on a new fisheries agreement.

The West German concession came just after Iceland extended its fishing limits to 200 miles. West Germany had announced that it would ignore the new zone. An Icelandic patrol ship on Thursday cut the trawls of a West German fishing vessel.

Negotiations between the two countries are likely to be difficult and prolonged. While the West German initiative has broken the deadlock, problems remain. Reykjavik wants to exclude from the 200-mile zone the large factory and freezer trawlers that make up the bulk of the West German fleet. The Icelanders also demand that Bonn stop blocking an EC-Iceland tariff agreement.

Renewal of Iceland's long-stalled talks with Bonn may pave the way for similar talks with the UK. Talks with the British last month were inconclusive. 

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Prominent Spanish Politician Proposes Military
Reform Program

Manuel Fraga Iribarne, Spain's ambassador in London, has unveiled a military reform program in an article which appeared October 15 in Madrid's leading newspaper ABC. Fraga is expected to resign his London post in the near future to return to domestic politics. He is an ambitious politician who would like to have a significant role in the post Franco period. He decided against forming a political association to further his career when the government refused to grant him and his followers the freedom of action he insisted he needed. Instead he joined a new center-right political group which was organized under the guise of a research corporation.

Fraga's proposals for military reform in many ways are designed to correct the complaints most often heard from younger officers and are similar to the reforms proposed by the clandestine Military Democratic Union.

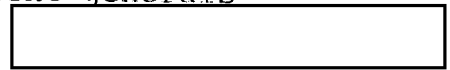
Fraga's program calls for:

- military wage hikes, and the creation of a ministry of defense,
- modernization of the armed forces,
- reduction of the size and age of the General Officer Corps, and
- a reduction of military presence and influence in government and business.

Attempts to modernize the armed forces, including the reduction of training costs, are the most likely to be considered by the present

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regime for immediate action. The other proposals
would come only slowly as the present generals
continue to pass into retirement.



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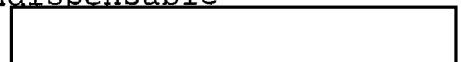
West German Public Pessimistic About Future
US Role

An opinion poll conducted in May by the reputable Allensbach Institute suggests the West German public expects the Soviet Union to be as powerful as, or more powerful than, the US in the future.

In response to the question, which country will be more powerful in fifty years, 37 percent of the respondents chose the USSR and only 13 percent selected the US. (In 1953, 32 percent of the people polled answered the same question by saying the US would be more powerful; only 11 percent named the Soviet Union.) Half of those polled this year either had no opinion or said the US and USSR would be equally powerful.

Opinion polls in West Germany, as in other countries, often reflect off-the-top of the head replies rather than considered opinions. The timing of the polls also influences the answers. This was conducted immediately after the Communist victories in Southeast Asia, which many people in West Germany considered to be a political-military setback for the US.

Most West Germans are realists, however, and it is not surprising that, in an age of nuclear parity, many believe the US and Soviet Union will be equals fifty years hence. Interestingly enough, polls conducted over the years consistently indicate that the majority of West Germans favor maintaining a military alliance with the US, and believe that US forces in Germany are indispensable if German security is to be maintained.



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Possibilities for Confrontation in Northern
Portugal

The following report was written by a consular officer on a TDY assignment in Oporto. He was asked to examine current political and economic trends as they relate to the possibility of a confrontation of forces. He is well acquainted with the region, having been employed as basketball player-coach for the largest sports club in northern Portugal from 1971 until June, 1974. His popularity and background afford him a wide range of local contacts in the Oporto urban community including professional people, blue-collar and white-collar workers, students and young intellectuals. All share an enthusiasm for sports; the majority is center-left in political affiliations. The report was written on September 9, 1975.

The Economy

According to three prominent bankers, economic conditions have not greatly changed since the revolution of April 25, 1974. They noted that the escudo at that time was one of the less steady currencies in Europe and that its value fluctuated between 22 and 26 per US dollar. The escudo now registers at approximately 26. (As of September 23, the rate was slightly over 27 to the dollar). The past summer seems to have been as difficult a period for Portuguese bankers as the period

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immediately following the Revolution. The bankers noted that many countries were hesitant to accept the escudo in commercial transactions. The fact that the Bank of Spain had decided not to accept the escudo for many transactions did not, however, surprise them. Spain had manifested a similar attitude in May and June, 1974. The bankers believed that it was "Spain's feeble attempt" to voice its disapproval over the turn of events in Portugal and the Portuguese swing toward communism.

The issue which commands the most attention among the Oporto middle class is the rise in unemployment. They see this problem being aggravated by the large numbers of jobless refugees flocking to Portugal from Angola. A physical education instructor commented, "If I have to work in three different jobs to make a decent income now, it is difficult to conceive of a situation where the jobless already here in Portugal will be increased by the 300,000 waiting to come." People fear that the increasing numbers of discontented refugees will also lead to more violent public demonstrations.

Rising prices are another central concern. Many people recognize that they are making more money than they had two years ago. They are, however, also aware of the fact that the escudo is worth less and that prices on many articles have doubled.

There also is a growing black market in dollars which is a new development since the Revolution. The reporting officer was accosted on several occasions in public and asked if he wanted to exchange some dollars for a rate far better than the banks offered.

Politics

One attitude that permeated all discussions was the fear that the "fascists" would somehow

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return to power and conduct a purge against all the moderates and radicals who had exposed their true political leanings since April, 1974. Therefore, it was the unanimous wish that the "fascists" never return to power. However, on the opposite end of the spectrum there were many who said, "The day the Communists permanently take over is the day I leave Portugal for good."

Fearing the "Fascist" on the one hand and the Communist on the other, most people favor the Socialists (PS) and the Popular Democrats (PPD) in that order. The Socialists are not considered leftist; they are considered moderates. The majority of people seems content with the logical solution of preventing the Right from coming back, heaving out the extreme Left, and then hoping that the PS and PPD will be strong enough to rectify the situation. However, no one is clear on how to effectuate this change.

It is also a curious phenomenon that thousands will amass at political rallies by night but no one dares to show their political colors during the day. Not one person volunteered that he belonged to a certain political party. At a football game where 60,000 spectators attended, there appeared no banners, no arm bands, no political chatter, and no noise. Some are prepared to riot and burn down Communist headquarters and paint slogans under the cover of darkness. Few have enough mettle to voice their opinion, stand behind it and if necessary fight for it in daylight.

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The most visible manifestation of anti-Communist action is the sacking and burning of Communist installations in Northern Portugal. However, no one wants to take credit for it. When asked who is perpetrating these attacks, the answer is "we are." "We who?" "All of us."

There is also the growing belief that all anti-Communist movements will be combined into the one so-called "Movimento Libertacao do Portugal" (MLP). Along with the hope that the MLP will rid Portugal of the Communists, there is also well founded speculation that Spinoła will appear to take command of it. Since Spinoła was the guiding spirit in the past, some people believe it inevitable that he will return to lead Portugal in the future. Many believe Spinoła to be a "Fascist traitor," who deserved to be discredited. Others will agree, sporadically, that he is the man for the job. Spinoła, in their opinion, when matched up with Communism, would certainly be the lesser of two evils.

The resounding echo that "The Revolution is Dead" adds credence to a Spinoła scenario. In a climate where disheveled soldiers loiter on the streets and the revolutionary zeal which characterized the April 25th movement withers while pessimism grows, it seems essential to have a personality associated with the "glorious days" lead the new movement.

While some secretly hope for a quick decision through US action, the fear of CIA (or KGB) clandestine activities within Portugal, detracts from

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25X6 the feasibility of US involvement. The sentiment is not anti-American; it is simply anti-interference from an outside force. The Portuguese would like very much to determine their own political future,

People are extremely interested in what outsiders are thinking about events in Portugal. What type of press are the Portuguese receiving? Favorable or not? People's faces reflected disappointment and shame when they were told that much of the foreign press thought that the true objectives of the April 25 Movement had gone astray and that Portugal was headed for a Communist dominated government.

After decades of the Salazar regime, some Portuguese youth seem to be moving toward the same sort of radicalism which characterized the SDS movement on American campuses in the burning sixties. While the Portuguese youth pay lip service to their new found Marxist/Leninist ideals, they endeavor to increase their awareness through watching American movies and listening to American music. Meanwhile, the "in garb" includes American college T-shirts, Levi blue jeans, and Converse All Star sneakers.

Possibilities for Confrontation

The question of whether Portugal is headed toward a military confrontation between two polarized internal forces, i.e. civil war, is a question which has dominated much of the foreign press for many weeks. It also concerns many people interviewed in Portugal. "If things continue as they are, we're sure to have civil war," or "A civil war is the only solution" were phrases which came up several times. Some people are disturbingly fatalistic regarding its inevitability. However, no one offers a feasible cast of characters or even a sketchy scenario of precipitating events.

Three things appear necessary for a civil war in Portugal: a near collapse of civil order, a polarization of political forces, and a "spark."

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Civil order in the North has withered since the April 25th Movement. Examples are myriad. The largest and most respected sports club in northern Portugal was assaulted and thieves carried off 90,000 escudos in cash. Garbage collects on Oporto streets because of the inaction of street cleaners. Local authorities refuse to regulate traffic and parking. With conditions as they are in the North, it is no longer necessary to have total collapse of order. The stagnation of the civil system is already sufficient fuel to keep the fire of confrontation burning.

In Oporto the polarization of political factions is manifested by a rally of five thousand PS supporters one night, and a large PCP rally the next night. However polarized the factions may seem, they do not appear organized enough to sustain a lengthy violent confrontation. The military has the organization but would have to overcome its lack of leadership and "inertia" before it could be a threatening force. One "Maoist" youth speculated on the possibilities for another revolution led by the agrarian peasant, who has already proved himself to be a viable force judging from events in Famalicao and Ponte do Lima. However, this scenario does not seem likely. The most explosive threat comes from the returning refugees who could easily tire of poor treatment and starvation and turn toward a forceful resolution of their problems. This group may provide the spark.

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